

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 89-230-E/G - ORDER NO. 2006-525  
SEPTEMBER 20, 2006

IN RE: Investigation of Property Transfers from South ) ORDER APPROVING  
Carolina Electric and Gas Company ) WAIVER  
)

This matter comes before the Public Service Commission of South Carolina (the “Commission”) on the August 17, 2006 letter of South Carolina Electric & Gas Company (“SCE&G”) notifying this Commission of the transfer of certain liquefied natural gas facilities and the land on which these facilities are situated (the “LNG Assets”) from South Carolina Pipeline Corporation (“SCPC”) to SCE&G. These LNG facilities are located in Bushy Park, South Carolina and Salley, South Carolina. On February 27, 2006, SCPC and SCG Pipeline, Inc. filed an application with the Federal Energy Regulatory Commission (“FERC”) for approval of their merger to form a single, integrated interstate pipeline operated under FERC jurisdiction and to be called Carolina Gas Transmission Corporation (“Carolina Gas”). That application contemplated that SCPC would transfer the LNG Assets to SCE&G, an existing SCPC customer. On July 20, 2006, FERC issued an Order approving the merger. Accordingly, SCPC intends to transfer the LNG Assets to SCE&G prior to beginning interstate operations for the 2006-2007 winter heating season. SCE&G requests that this Commission grant a waiver of the fair market value requirement of Commission Order No. 92-931 for this specific and limited transaction.


Upon the granting of the waiver, the transfer will be made at net book value (cost less depreciation). The Company states that to transfer at fair market value would result in an inflated rate base for SCE&G, which would not be in the best interest of customers in that higher rates could result.

In Order No. 92-931, the Commission articulated a requirement that SCANA and its affiliates, when disposing of real property, must do so at fair market price. SCE&G and SCPC correctly believe that the purpose and intent of this Order was to insure that there were no affiliate preferences in such transactions and that property be disposed of in a manner that insures fair and equitable treatment of the parties to the transaction, potential bidders, and SCE&G's customers. In the present case, the property is being transferred from one regulated utility to another for the continued use for utility purposes. SCE&G notes that, if the Commission approves the waiver, the transfer of the LNG Assets will be made at net book value (cost less depreciation) to avoid an inflated rate base for SCE&G, which could result in an adverse impact on customers.

We approve the waiver as being in the public interest. Clearly a transfer of the Assets at net book value (cost less depreciation) will avoid an inflated rate base for SCE&G and consequently avoid an adverse impact on customers. Accordingly, the relief sought by SCE&G is hereby granted.

This Order shall remain in full force and effect until further Order of the Commission.

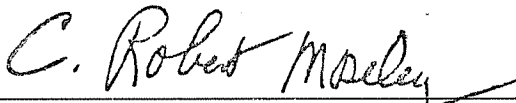
BY ORDER OF THE COMMISSION:



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G. O'Neal Hamilton, Chairman

ATTEST:



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C. Robert Moseley, Vice-Chairman

(SEAL)